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# They Belong to YOU!



**The Alberta Government  
Protects YOUR Interests  
in YOUR Resources**

# THE ALBERTA GOVERNMENT PROTECTS YOUR INTERESTS IN YOUR RESOURCES

By the  
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The Social Credit Government has followed consistently a policy designed to assure the orderly development of Alberta's oil resources in the best interests of the people of the Province and of Canada as a whole. That policy, the soundness and fairness of which already has been demonstrated and established, embodies **FIVE MAJOR POINTS TO WHICH THE GOVERNMENT IS COMMITTED AND FROM WHICH IT WILL NOT DEVIATE.**

1. To take all reasonable steps necessary to encourage orderly development to meet the ever increasing demand for petroleum products and to make Canada less dependent on other countries for these essential products.

2. To insist that all development is carried on according to the best known engineering practices, thereby preventing waste and assuring the greatest ultimate recovery.

3. To establish prospecting and leasing regulations designed to effectively prevent monopoly, and encourage individual enterprise. Only by the existence of wholesome rivalry where free and competitive enterprise is carried on, can we expect to get the most active development.

4. To obtain for the people of the Province as a whole, a fair share of the returns resulting from the production of oil.

5. To assure to the owner of surface rights fair and generous treatment in determining and awarding full and proper compensation for any loss, damage and inconvenience.

The soundness and fairness of this five-point policy will commend it, not only to those interested in oil development, but to the public as a whole.

When it is realized Canada produces only 10 per cent of her requirements in petroleum products and therefore is dependent on other countries for 90 per cent of such an essential commodity it is evident that every effort should be put forth to get greater development so as to place this great country in a more independent position.

The Government is convinced that only by the existence of wholesome rivalry where free and competitive enterprise is carried on, can we expect to get most active development. As a result of this policy over 60 different companies are carrying on prospecting activities in over 100 different areas. At the present time the oil companies are spending over \$1,000,000 per month trying to find oil.

**THE COMPANIES SPEND THE MONEY IN THE SEARCH FOR OIL AND THE GOVERNMENT TAKES NO RISK.** If the company finds oil the Government always stands ready to take its fair share of the returns as well as \$1.00 per acre per annum for all Provincial land held under lease.

To date more has been spent in the search for and production of oil than has been received from the sale of the oil produced. During this time the Government has continued to collect its rentals and royalties.

All development in Alberta is carried on under the authority of leases which set out the terms under which development must be carried on.

The Government is always in the position where it can change its form of lease and the terms of the lease as conditions change so as to assure proper development and fair returns.

## **PROSPECTING AND LEASING REGULATIONS**

Any company or individual may obtain a maximum of two 100,000 acre blocks on

which they may explore for petroleum and natural gas on the following terms:

- (a) First year \$250 permit fee plus deposit of \$2,500 for each 20,000 acres or part thereof to guarantee required work being done.
- (b) Second year. Providing they do the required work extensions of three months each may be obtained by paying seven cents per acre for the first three month period; seven cents for the second three month period; eight cents for the third and eight cents for the fourth three month period.
- (c) Third year—providing the company drills a well and continues exploratory work they can obtain further three month extensions by paying 10 cents per acre for the first period, 15 cents per acre for the second, 20 cents per acre for the third and 25 cents per acre for the fourth period.

The above is what the company pays for the privilege of **SEARCHING** for oil.

## LEASING PRIVILEGES

If the company thinks it has found a structure it may lease not more than half the 100,000 acres and that in blocks of not more than nine sections. This may be leased on a checker board pattern or if the company leases a block in the centre of the reservation the Government sets up Crown reserves at least one mile wide completely surrounding the leased block. This results in one of the following patterns:

X	C	X	C
C	X	C	X
X	C	X	C
C	X	C	X



X—Lease.

C—Crown Reserve.

(The remainder of the reservation as depicted in the diagram may be leased on a basis of 50% by the company and the equal portion remainder by the Crown.)

By this means the Government retains at least half the area to be disposed of by sealed tender to the highest bidder as and when and on terms and conditions set out by the Government. This tender is for the right to lease and produce oil. These blocks which are called Crown Reserves are usually offered in quarter sections and the successful tenders on the last three quarter sections offered were \$30,330.00, \$50,171.00 and \$81,591.98 respectively for the right to lease in addition to which the companies must pay the regular rentals and royalties.

By this method the Government is preventing monopoly and obtaining all possible out of the development of its natural resources. The lessee pays \$1.00 per acre per year for all land leased and a royalty of from five to fifteen per cent according to production or a straight royalty of twelve and one-half per cent. Royalty on existing leases can be raised to 16-2/3 per cent.

## CONSERVATION

The Petroleum and Natural Gas Conservation Board has full power:

- (a) to prevent waste;
- (b) to say where drilling can be done;
- (c) to obtain any or all information about the wells;
- (d) to say how much each well can produce.

## OWNERS OF SURFACE RIGHTS

The Government has set up a Right of Entry Arbitration Board to see that farmers get fair and generous treatment where oil wells are drilled on their farms. If the oil company and the farmer cannot make a satisfactory settlement it is referred to the Board for settlement.

The following are examples of rulings made in the Leduc Area for each well and in many cases there are four wells on one quarter section.

First Year's Payment	Annual Compensation
\$1,592.50	\$532.00
1,292.50	470.50
2,000.00	700.00

## WELLS DRILLED IN ALBERTA

(to June 30, 1948)

Producing wells and wells which have produced.....	790
Gas wells, including wells shut in.....	312
Dry holes.....	816
Total.....	1,918

### Comparative table

	1935	June 30, 1948
Producing wells.....	100	595
No. of wells producing gas.....	84	235



GOVERNMENT OF THE  
PROVINCE OF ALBERTA

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